



Travel Goods Association
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**Testimony of Nate Herman
on behalf of the Travel Goods Association (TGA)
before the U.S. Trade Representative
Regarding Docket Number: USTR-2020-0036
Initiation of Section 301 Investigation: Vietnam's Acts, Policies,
and Practices Related to the Import and Use of Illegal Timber
December 28, 2020**

Thank you for the opportunity to testify. My name is Nate Herman. I am the Director of Government Relations at the Travel Goods Association (TGA).

TGA represents the U.S. travel goods industry, small, mostly family-owned businesses that make, market, and sell travel goods – luggage, totes, backpacks, handbags, and other products for people who travel.

Why Are We Using 301 on Timber When We Have the Lacey Act?

First, I want to address why we are here. The United States already has a ban on trade in illegal timber – The Lacey Act. Violations of the Lacey Act, such as those alleged in this investigation, are subject to both criminal and civil sanctions, which are enforced by the U.S. government's own experts in illegal timber. Further, the Lacey Act requires declarations to the source of the wood in wood products to help the U.S. government to identify imports made with illegal timber.

As such, the Lacey Act appears to be a much more effective tool in addressing, and remedying, allegations of illegal timber, than the Section 301 statute.

Instead, we are here discussing allegations of illegal timber in a Section 301 investigation. Under this investigation, I can certify that U.S. commerce for our industry is NOT burdened or restricted in any way by the alleged import or use of illegal timber.

BUT the punitive tariffs that could result from this investigation could be devastating for our industry.

Why? Vietnam is the second largest supplier of travel goods to the U.S. market, and has experienced dramatic growth since 2016. In fact, U.S. imports of travel goods from Vietnam grew 13.1% in the first ten months of 2020, despite overall U.S. travel goods imports being down by almost one quarter (23.3%) over the same period. As a result, U.S. travel goods imports from Vietnam now account for 19.1% of all U.S. travel goods imports, up from a mere 4.9% of total U.S. travel goods imports in 2016. Please note that 99% of all travel goods sold in the United States today are imported.

Vietnam has become even more important as U.S. companies have tried to move away from China. In fact, thanks in part to our relationship with Vietnam, the share of U.S. travel goods imports from China fell from 84.7% in 2016 to 57.9% today, with U.S. travel goods imports from China falling by over one-third (36.2%) in the first ten months of this year alone.

Trade War Concerns – Tariffs Have Only Hurt Us

The imposition of punitive tariffs by the U.S. Government under various trade measures over the last few years has caused great concern for our members. Since 2017, the Trump Administration has collected more than \$80 billion in punitive tariffs. Many of these tariffs have been imposed on U.S. imports of travel goods from China, where all U.S. travel goods imports face a 25% punitive tariff, amounting to millions of dollars in new taxes on our industry.

While we understand the Administration is trying to fix harmful foreign trade practices through these actions, their primary effect so far has been to hurt our industry, increasing prices for hard-working American families at the register and imposing significant costs on our supply chains, which directly support 100,000 American jobs.

COVID-19 Disruption

Further, over the last year, our industry, the travel goods industry, has faced the perfect storm as the pandemic has not only tanked sales but has also brought travel, the primary driver of demand for our industry, to a standstill.

Conclusion

The bottom line is that new punitive tariffs imposed on U.S. travel goods imports from Vietnam would hurt the U.S. travel goods industry, and our 100,000 American workers, at a time when we can least afford it.

Therefore, if USTR determines that Vietnam is involved in the use and import of illegal timber, we urge USTR to work with the Department of Agriculture to enforce the Lacey Act. If, for some reason, the Lacey Act is somehow deemed insufficient, we urge USTR to use the existing framework under the U.S.-Vietnam Trade and Investment Framework Agreement to take a different approach by means of bilateral negotiations with Vietnam to resolve the issue.

Thank you for this opportunity to testify on this very important issue.